

FMC Corporation

Agricultural Products Group
1735 Market Street
Philadelphia Pennsylvania 19103
215 299 6000



December 31, 1998

Mr. Geoffrey Pratt
Cedar Chemical Corporation
Memphis, TN

**Re: 5 Nitro - Toll Manufacturing Agreement, dated November 26, 1997
("Agreement")**

Dear Geoffrey:

FMC Corporation, Agricultural Products Group ("FMC"), and Cedar Chemical Corporation ("Cedar") have agreed to amend the above-referenced Agreement to extend the term of the Agreement and to make other changes pertinent to such an extended relationship. (All capitalized terms used herein shall have the meaning set forth in the Agreement, unless otherwise defined herein.) Specifically, the parties hereby agree to amend the Agreement as follows:

1. Term. The term of the Agreement provided in Section 3 thereof shall continue through March 31, 2005, unless sooner terminated as provided in the Agreement, or unless further extended by mutual consent of the parties.

2. Production Campaigns. A new Section 1(a)(v) is added, to read in full as follows:

"(v) Production After Second Campaign. The Second Campaign is currently estimated to be completed by about Mid-May 1999. FMC's nonbinding currently estimated requirements for Product after the Second Campaign are as follows:

<u>Year</u>	<u>Estimated Requirements</u> <u>(1000 lbs. A.I.)</u>
1999 (Fourth Quarter)	250
2000	400
2001, 2002, 2003, 2004	420 (per year)
2005 (First Quarter)	240

9352028



Starting on February 28, 1999 and at the end of each calendar quarter which follows, FMC will provide Cedar with a written non-binding forecast of Product requirements for the upcoming calendar year (by month) and a non-binding forecast of annual requirements for two (2) years thereafter. By May 31, 1999 and each subsequent May 31, FMC will provide Cedar with a Purchase Order confirming the quantity of Product that it will purchase for the fourth quarter of 1999 and the first and second quarters of 2000. The parties will establish a mutually agreeable production schedule for this quantity of Product in the form of Reserve Days (as covered under Section 1(a)(iii)). Each agreed upon block of Reserve Days shall constitute a separate "Production Campaign" under this Agreement and shall be for a minimum of three (3) months. Further, agreed upon production schedule quantities/Reserve Days may need to be decreased should any governmental pesticide registrations, registration exemptions, and/or tolerances (or particular uses authorized thereby) required to use the Product be canceled, suspended, modified or revoked in any way (or upon material threat of a governmental agency of the same), to the extent of any potential adverse impact on FMC's requirements. FMC shall provide Cedar with prompt notice upon the occurrence of such an event."

3. Tolling and Waste Ratios

Below are the revised Tolling and Waste Ratios for the Second Campaign which will be delivered to FMC partially in 1998 and the balance in 1999, as per Section 1 (d) (Tolling Ratios) and Section 1(i) (ii) (Waste Ratios) of the Agreement.

<u>Raw Material</u>	<u>Raw Material Lbs./ Lb. Product (100% basis)</u>
Step 3 Product	1.02 to 1.12
Acetic Acid	0.65 to 0.75
Aluminum Sulfate	1.33*
Methanol	1.50 to 2.50
Chlorine	0.75 to 0.86
Oleum (20% Excess SO ₃)	4.95 to 5.48
Caustic Soda, 50%	1.50*
Nitrating Acid (90% Nitric/10% Sulfuric)	0.32 to 0.36
Sodium Carbonate	0.33 to 0.40
Toluene	4.00 to 4.60
Sulfuric Acid, 92%	0.23 to 0.26
Nitrogen	80 to 120 standard cubic feet/lb.
<u>Type of Waste</u>	<u>Gallons of Waste per lb. of Product</u>
Waste Water	0.90*
Organic Waste	1.50*
Spent Acid	0.64 to 0.71

There will be no additional compensation or reimbursement for those Raw Materials and Wastes as to which Tolling Ratio range is indicated if the actual use of such Raw Material or Waste for the Production Campaign falls within such range or for those Raw Materials and Wastes with Tolling Ratios denoted with a single asterisk ("*").

<u>Solvent Recovery</u>	<u>Solvent Lbs/ Lb.Product (100% Basis)</u>
Recovered DMF (dimethyl formamide)	2.50

The above Recovered DMF solvent ratio is a target ratio. There will be no additional compensation or reimbursement if the solvent recovery toll ratio for a Production Campaign differs from the target ratio unless the actual ratio is below the First Production Campaign's ratio of 2.18 Lb/Lb.

The above Tolling and Waste Ratios and Solvent Recovery Ratio shall be renegotiated prior to any production after the Second Campaign based on the results achieved during the immediately preceding campaign.

4. New Fees. The Section 2(a) per diem Toll Fee for Product produced after the Second Campaign shall be renegotiated prior to the initiation of any such production, and in no event shall be more than a per diem rate of \$17,000 per day during the fourth quarter of the calendar year 1999. Toll Fees for Product produced hereunder after the the calendar year 1999 will be renegotiated prior to such production if significant process improvements are achieved during the prior calendar year, resulting in significant cost savings for Cedar. The Section 2(b) preparation and clean-out fee shall also be renegotiated but will be no higher than \$120,000 per Production Campaign. The parties acknowledge that the Target Quantity shall be deemed to have been achieved and that the provisions of Section 2(f) will cease to apply upon completion of the Second Campaign.

5. Capital Reimbursement

The parties acknowledge that FMC has paid Cedar \$3.5 Million of the aggregate \$5.8 Million Capital Costs which FMC is required to reimburse Cedar under Section 2(d)(ii) of the Agreement and that Cedar is willing to receive the \$2.3 Million balance ("Base Amount") in lump sum payments due on the dates indicated on the attached "New Capital Repayment Schedule: Cedar Chemical," together with interest as indicated thereon. The "Actual Payment" amount on said Schedule consists of the indicated Base Amount plus applicable interest. If FMC orders any quantity of Product from Cedar at any time after the completion of the Second Campaign, then the remaining balance of the Base Amount shall be reduced by ten percent (10.0%), such reduction applied to the next scheduled payment of the Base Amount and applicable interest. By way of example, if on January 1, 2001, FMC places its first order for Product after the Second Campaign, then the current outstanding Base Amount of \$600,000 is reduced by 10%, or \$60,000,

and the next scheduled payment on February 1, 2001 will be for \$215,000 Base Amount plus applicable interest of \$45,150.

6. Replacement of Equipment

The manufacturing process for Product is known to be aggressive in degrading processing equipment and certain items of Cedar's Unit #1 where the Product is manufactured.

Therefore, this equipment may be at risk to a greater extent than the normal wear and tear encountered for the usual specialty chemical production. Both Cedar and FMC will set guidelines to define what equipment items are at risk and will set procedures to ascertain how to determine if the failure is due to normal wear and tear or the aggressive nature of the 5-Nitro process.

7. Amendment. Except as explicitly modified by this amendment, all terms and conditions of the Agreement shall remain unchanged and shall continue in full force and effect.

If you agree this accurately reflects our agreement, please signify for your acceptance of the revisions by signing at the signature line provided below and returning the signed original to us. A duplicate original has been enclosed for your files.

Sincerely,

FMC CORPORATION

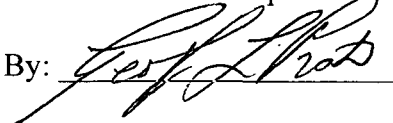


Chester R. Fox
Manufacturing Technical Director

215-947-6181

Agreed and Accepted:

Cedar Chemical Corporation

By: 

Title: V. P. Cusumano Mfg Date: 2/13/99

		New Capital Repayment Schedule: Cedar Chemical				
<u>"When"</u>		<u>Due</u>		<u>Base Amount</u>		<u>Actual Payment*</u>
1998 First Campaign		Paid		\$689,569		\$689,569
1998 Second Campaign Estimate		As Shipped		\$320,574		\$320,574
1998 Advance Payment		22-Dec-98		\$2,500,000		\$2,475,000
	<i>Total 1998</i>			\$3,510,143		\$3,485,143
1999 Payment		15-Mar-99		\$1,289,857		\$1,315,654
2000		1-Jun-00		\$400,000		\$448,000
2001		1-Feb-01		\$275,000		\$332,750
2002		1-Feb-02		\$100,000		\$130,000
2003		1-Feb-03		\$100,000		\$139,000
2004		1-Feb-04		\$100,000		\$148,000
2005		1-Mar-05		<u>\$25,000</u>		<u>\$38,688</u>
	TOTAL PAYMENTS			\$5,800,000		\$6,037,235
	* An interest rate of 1.0% per month was used. [12% per year]					